



Stat of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

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Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

Jon M. Huntsman, Jr.
Governor

Kevin S. Carter
Director

5/037/116

RECEIVED

MAR 30 2005

DIV OF OIL GAS & MINING

March 29, 2004

Mike Murphy
833 North Grayson Parkway
Blanding, UT 84511

RE: Competitive Bid Results

Dear Mr. Murphy:

On March 28, 2005, the Trust Lands Administration held a bid opening pursuant to the competitive Sandstone permit offered in San Juan County. Your bid was received and is the apparent high bid.

The Trust Lands Administration will prepare and send for your execution Mineral Materials Permit #ML 49721-MP. Before the new permit may be signed by the Director, however, adequate bonding must be submitted for the special reclamation obligation that is required (i.e., reclamation of existing mining disturbances in the offered lands).

The Trust Lands Administration presently holds Surety Bond #6082848, with Moon Mountain Stone Co. as Principal, covering the existing mining disturbances in these lands. This bond may be acceptable surety for issuance of the new trust lands minerals provided that:

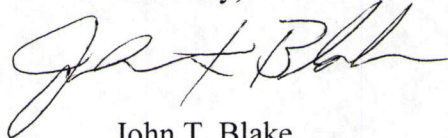
- 1) Mike Murphy submits a letter to the Trust Lands Administration designating Moon Mountain Stone Co. as designated operator under ML 49721-MP; and,
- 2) The Surety under surety bond #6082848 submits a Rider to the Trust Lands Administration, adding ML49721-MP to the bond's coverage.

Alternatively, you may fill the requirement to assume reclamation responsibility by submitting an Irrevocable Letter of Credit in the amount of \$10,000 for benefit of the Trust Lands Administration with respect to reclamation of the permitted lands.

Also, prior to commencing any new mining operations in the lands under ML 49721-MP you must obtain a Small Mine permit from the Utah Division of Oil, Gas & Mining. This may be accomplished by porting your existing UDOGM mining permit S/037/116 over to the new trust lands minerals permit ML 49721-MP. Please contact Mr. Paul Baker, (801) 5385261, of UDOGM in this regard.

Please immediate attention to these matters is appreciated. If you have any questions you may call me at (801) 538-5152.

Sincerely,

A handwritten signature in black ink, appearing to read 'John T. Blake', written in a cursive style.

John T. Blake
Mineral Resources Specialist

CC: Paul Baker ✓